

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **3444**



INTRODUCED BY: HONORABLE TEODORO B. BAGUILAT, JR.

EXPLANATORY NOTE

The participation of Non-governmental Organizations (NGOs) and People's Organizations (POs) is vital and essential to nation building. No less than the Philippine Constitution recognizes this, as Article II Section 23 thereof provides that "the State shall encourage non-governmental, community-based or sectoral organizations that promote the welfare of the nation." As such, Local Government Units (LGUs), National Government Agencies (NGAs) and Government Owned or Controlled Corporations (GOCCs), extend financial assistance to NGOs and POs to implement the latters' projects and assist in the their developmental efforts. The funds received by NGOs and POs, however, remain to be and do not lose their character as public funds. Hence, it is but imperative that the disbursement, utilization and management of such funds be vigilantly safeguarded against corrupt and unscrupulous practices.

The primary step in safeguarding these funds is through the proper and meticulous identification of recipient NGOs and POs. A centralized accrediting agency implementing a stringent selection procedure should be established to ensure that government funds are channeled only to legitimate NGOs and POs working for the public good. A system of accountability should also be put in place to determine responsibility over the proper utilization of funds and the successful implementation of the projects. Finally, transparency in the disbursement, utilization and management of the said funds ought to be guaranteed through the timely and regular posting of relevant financial documents.

The Department of Social Welfare and Development ("DSWD") is mandated by Executive Order No. 292 or the Administrative Code of 1987 to "accredit institutions and organizations engaged in social welfare activities and provide consultative and information services to them" and to "promote, support and coordinate the establishment, expansion and maintenance of non-government social welfare facilities, projects and services". Among its powers and functions, as set forth in Executive Order No. 221 series of 2003, is to "set standards, accredit and provide consultative services to public and private institutions, organizations and persons engaged in social welfare activities, and monitor, performance and compliance to standards by institutions, organization and persons engaged in social welfare activities, both in public and private." These, together with DSWD's extensive experience and competency in coordinating and engaging with

NGOs and POs make it the proper NGA to be given the specific mandate of accrediting NGOs and POs wishing to avail of financial assistance from the government.

Immediate approval of this measure is earnestly requested.



HON. TEODORO B. BAGUILAT, JR

Representative
Ifugao Province

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SIXTEENTH CONGRESS
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HOUSE BILL NO. 3444

INTRODUCED BY: HONORABLE TEODORO B. BAGUILAT, JR.

**AN ACT PROVIDING FOR THE CENTRALIZED ACCREDITATION
OF NON-GOVERNMENTAL ORGANIZATIONS AND PEOPLE'S
ORGANIZATIONS ELIGIBLE TO ACCESS GOVERNMENT FUNDS AND
PROVIDING A SYSTEM OF ACCOUNTABILITY AND TRANSPARENCY FOR THE
USE OF SAID FUNDS**

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "NGO Accreditation for
2 Government Releases Act of 2013."
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5 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the policy of the State to
6 vigilantly guard against organizations siphoning public funds for private ends to the demise of public
7 good and public service.
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10 **SECTION 3. *Coverage.*** - This act shall cover all Non-Governmental Organizations and
11 People's Organizations seeking to access government funds either as beneficiaries, conduits or
12 implementors of programs and projects supported by National Government Agencies, Local
13 Government Units, Government Owned or Controlled Corporations, or any other person or entity
14 releasing government funds.
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17 **SECTION 4. *Definition of Terms.*** - As used in this Act:
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- 19 (a) "Accreditation" shall mean the in-depth assessment of a Non-Governmental
20 Organization or a People's Organization to determine whether government funds may
21 be entrusted to them to successfully accomplish the particular purpose, for which the
22 funds are to be released in a timely, cost-efficient and transparent manner.
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- (b) "Beneficiary" shall mean the community or any of its sectors, which is the intended recipient of the results of the developmental efforts of the Non-Governmental Organization or People's Organization. Non-Governmental Organizations and People's Organizations themselves or their members may be the direct beneficiaries of their own efforts.
- (c) "Conduit" shall refer to Non-Governmental Organizations and People's Organizations who are entrusted with government funds for distribution to their intended beneficiaries.
- (d) "Funds" shall mean government funds from any National Government Agency, Local Government Unit, Government Owned or Controlled Corporation and their subsidiaries, or any other instrumentality, official or agent of the government.
- (e) "Fund Utilization Report" shall refer to a document showing the summary of how funds entrusted to a Non-Governmental Organization or People's Organization was utilized for a given period of time.
- (f) "Government Organization" shall refer to National Government Agencies, Local Government Units, Government Owned or Controlled Corporations and their subsidiaries, or any other instrumentality, official or agent of the government releasing government funds to Non-Government Organizations and People's Organizations.
- (g) "Government Releases" shall mean the disbursement of government funds by any Government Organization.
- (h) "Implementor" shall refer to Non-Governmental Organizations and People's Organizations who are entrusted with government funds to implement a particular program or project for the social good.
- (i) "Non-Governmental Organization" shall mean a non-profit, voluntary organization committed to the task of socio-economic development and established primarily for public service.
- (j) "People's Organization" shall mean an independent community and/or class-based association established to protect and advance the interest of specific causes or sectors of the society.

SECTION 5. Central Accrediting Agency. – The Department of Social Welfare and Development (DSWD) is hereby mandated to act as the Central Accrediting Agency for Non-Governmental Organizations and People's Organizations seeking to be entrusted with government funds from any Government Organization.

SECTION 6. Accreditation Mandatory for Government Releases. – No Non-Governmental Organization or People's Organization shall be eligible to apply for any Government Releases without having been accredited pursuant to this Act.

SECTION 7. *Criteria for Accreditation.* – No Non-Governmental Organization or People's Organization shall be accredited by the Department of Social Welfare and Developments to be eligible to access Government Releases, without having satisfactorily proved and gave evidence of the following:

- (a) It has been in existence and operational for at least two (2) years prior to its application for accreditation. Certificate of registrations with the Securities and Exchange Commission (SEC) and/or either the Cooperative Development Authority (CDA) or the Department of Labor and Employment (DOLE) as the case may be, depending on the nature of the service required to be rendered, shall be necessary to prove existence. Photographs, receipts, employment contracts, proofs of billing and other documentary evidence may be used to prove active operations.
- (b) Its incorporators, organizers, officers, personnel and members are natural persons. Necessary documents to prove the same are authenticated copy of the latest Articles of Incorporation or the Articles of Cooperation as the case may be, Secretary's Certificate for incumbent officers, together with the Certificate of Filing with the SEC or Certificate of Approval by the CDA, two (2) government issued identification cards with photograph of each of the named incorporators, organizers, officers, personnel and members, employment contracts of all personnel and a Secretary's Certificate certifying that said persons are the incorporators, organizers, officers, personnel or members.
- (c) It is in a stable financial condition and that Government Releases shall not be its sole source of funds. Financial Reports, audited by an Independent Certified Public Accountant, for the past two (2) years preceding the application for accreditation, shall be necessary to show its financial condition.
- (d) It has an operational office in its registered place of business. Documents necessary for this are Mayor's or Business Permit, Barangay Clearance, and photograph of the office or place of business.
- (e) It has a successful track record of providing assistance to its members and/or beneficiaries. A sworn statement by its President detailing its accomplishments, projects and programs undertaken, and list of actual beneficiaries with their contract details shall be necessary for this purpose. Photographs and other documents that could support the claims made therein shall accompany the sworn statement. If it has previously been entrusted with Government Releases, a sworn statement detailing the status of the project or program that availed of Government Funds shall also be mandatory.
- (f) It is in compliance with all reportorial requirements of relevant regulating agencies. Necessary documents shall include SEC annual submission of General Information Sheet and Audited Financial Statements, among others.
- (g) There is no real or apparent conflict of interest with it being entrusted with Government Releases. Necessary documents for this purpose are Disclosure Statements signed by each of its incorporators, organizers, officers and personnel enumerating their relatives by consanguinity and affinity up to the fourth civil degree who are officials or employees

of Government Organizations, and a sworn statement signed its President disclosing its related businesses, if any, and the extent of ownership therein.

- (h) It is a legitimate Non-Governmental Organization or People's Organizations committed to public service and working for the public good. Documentary evidence to show this may include membership in good standing of coalitions, accreditations given by its peers and/or other Government Organizations, accreditation and/or recognition by international bodies, among others.

SECTION 8. *Period of Validity of the Accreditation.* – Accreditation given to a Non-Governmental Organization or People's Organization by the Department of Social Welfare and Development pursuant to this Act shall be valid for only one (1) year and may be renewed yearly thereafter.

SECTION 9. *Projects Eligible for Government Releases.* – The types of programs and projects that may be subject of Government Releases shall be strictly limited to those that are beyond the capability of the Government Organization to undertake.

SECTION 10. *No Government Releases for Infrastructure.* – The preceding section notwithstanding, no government fund shall be released to any Non-Governmental Organization or People's Organization, whether as a conduit or as an implementor, for the construction, maintenance, operations and management of any and all hard infrastructure projects.

SECTION 11. *No Government Releases for Livelihood.* – Section 9, notwithstanding, no government fund shall be released to any Non-Governmental Organization or People's Organization, whether as a conduit or as an implementor, of any and all livelihood programs or projects.

SECTION 12. *Procurement.* – Bidding for the procurement of goods, supplies and equipments by Non-Governmental Organizations and People's Organizations using government funds shall be coursed through the Procurement Service of the Department of Budget Management or through the Bids and Awards Committee of the Government Organization from which the fund was released.

SECTION 13. *Anti-Nepotism.* – Any Non-Governmental Organization or People's Organization, which has an incorporator, organizer, officer or personnel related within the fourth degree of consanguinity or affinity to any government official whose approval, whether discretionary or ministerial, is necessary in effecting the Government Release from any Government Organization, shall be ineligible to access the said Government Release.

167 **SECTION 14. *Prohibition on Pending Multiple Projects.*** – Non-Governmental
168 Organization or People's Organization who have previously been entrusted with government funds
169 shall be ineligible to access Government Releases until the completion of their previous program or
170 project and have properly liquidated their use of government funds to the Government
171 Organization, which released said funds. The concerned Government Organization shall issue a
172 certification of completion for this purpose.
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175 **SECTION 15. *Posting and Publication of Government Releases.*** – Government Releases
176 amounting to One Million Pesos (PhP1,000,000.00) or more entrusted to a Non-Governmental
177 Organization or People's Organization shall be published twice for two (2) consecutive weeks in a
178 newspaper of general circulation prior to the actual disbursement of the government fund. All
179 Government Releases shall be posted in three (3) conspicuous public places for one (1) month, such
180 as in the physical Public Information Boards and websites of the Office of the Government
181 Organization concerned, Barangay/Municipal/City/Provincial Halls and Public Markets.
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184 **SECTION 16. *Submission and Posting of Fund Utilization Report.*** – One (1) month
185 after the actual disbursement of government funds and every month thereafter until the completion
186 of the program or project, the Non-Governmental Organization or People's Organization shall
187 submit to the releasing Government Organization and the Department of Social Welfare and
188 Development a Fund Utilization Report. The Fund Utilization Report shall be posted physically in
189 the public information boards and in the website of the concerned Government Organization, as
190 well as in the website of the Non-Governmental Organization or People's Organization, if available.
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193 **SECTION 17. *Duty of Government Organizations.*** – It shall be the duty of Government
194 Organizations authorizing the Government Release to monitor the proper usage of government
195 funds entrusted to Non-Governmental Organizations and People's Organizations, the proper
196 implementation of the subject programs and projects, the proper distribution to intended
197 beneficiaries, and compliance with time schedules for the completion of programs and projects.
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200 **SECTION 18. *Presumption of Malversation of Government Funds.*** – A presumption of
201 malversation of government funds attaches whenever a Non-Government Organization or People's
202 Organization fails to account for Government Releases entrusted to them within fifteen (15) days
203 from receipt of Notice of Accounting issued by the Government Organization, which authorized
204 the Government Release.
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207 **SECTION 19. *Implementing Rules and Regulations.*** – The Department of Social Welfare
208 and Development shall issue Rules and Regulations implementing this Act within thirty (30) days
209 from the effectivity hereof.
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212 **SECTION 20. *Appropriations.*** - The amount necessary to carry out the provisions of this
213 Act shall be charged against the Department of Social Welfare and Development's current budget
214 and shall thereafter be included in the annual General Appropriations Act.

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SECTION 21. *Separability Clause.* – If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions shall remain in full force and effect.

SECTION 22. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances or any part thereof, insofar as they are inconsistent with the provisions of this Act, are deemed repealed.

SECTION 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.